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Accelerated Internationalization in Born Globals: an Analysis of Factors Influencing their Rapid Internationalization

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ABSTRACT

Born Global (BG) firms are entrepreneurial ventures that internationalize at or near founding, overcoming the barriers that restrain most small and medium-sized enterprises (SMEs) from increased global trade. While research on SME barriers to internationalization is emerging, research on how BGs rapidly overcome these barriers remains under-explored. This study fills this void in the BG literature by analyzing factors influencing rapid internationalization. A survey was conducted of BGs and SMEs in the U.S. and U.K. This survey study found that BGs overcome information barriers more readily than other SMEs and a predictive factor is previous international experience. Additional research topics are identified.

TABLE OF CONTENTS

ACCELERATED INTERNATIONALIZATION IN BORN GLOBALS: AN ANALYSIS OF FACTORS INFLUENCING THEIR RAPID INTERNATIONALIZATION

Small and medium sized enterprises (SMEs) drive employment and economic growth, and account for 50% of domestic Gross Domestic Products (GDPs) and 60% of worldwide employment. However, their contribution to global trade is significantly less due to the existence of major barriers to internationalization (OECD, 1997, 2006, 2009; U.S. Small Business Administration, 2009). Johanson and Vahlne (1977, 1997) described the internationalization process as slow, incremental, highly deliberative, risk averse, resource-intensive and limited by barriers; their seminal work is widely cited in international business literature as the "Uppsala Model" (Knight & Cavusgil, 2004; Weerawardena, 2007). The findings of their study though based on multinational corporations (MNCs) are applicable to SMEs (Oviatt and McDougall, 1994; Leonidou, 2004; Lloyd-Reason, 2008; OECD-APEC, 2007). Despite these barriers, a small but rapidly growing subset of SMEs dubbed "Born Global" (BG) internationalize at or near inception (Knight & Cavusgil, 1996, 2004; McKinsey, 1993; Oviatt & McDougall, 2005; OECD, 1997).

BGs are unique and distinguished from other firms by accelerated international sales. They are diverse, distributed, not easily characterized, and are found in most major trading countries (OECD, 1997), in all business sectors (Knight & Cavusgil, 1996), may be high or low-tech (Rennie, 1993), but do not include corporate spin-offs (Gabrielsson et al., 2008). BGs have international sales of 25% in the first three years of operation (Knight & Cavusgil, 1996), while traditional SMEs largely sell to domestic markets. The barriers that restrain SMEs from increased international trade are myriad and diverse (Leonidou, 2004); the OECD-APEC (2007) identified 47 barriers inhibiting SMEs from international trade, and grouped them into three

categories: foreign barriers, domestic barriers and barriers internal to the firm. These barriers inhibit an SME's ability to internationalize rapidly (Wilkinson & Brouthers, 2006).

STATEMENT OF THE PROBLEM

BG research has focused on their entrepreneurial nature using empirical case studies in Europe and North America (Rialp, Rialp & Knight, 2005); however, studies on how these firms overcome the internationalization barriers are limited to tangential topics. Consequently, how BGs overcome barriers to establish a global presence at such an early stage is not well documented in the literature.

The problem is: ***why do BGs internalize so rapidly while the majority of other SMEs do not?***

Understanding the factors that drive BGs to internationalize rapidly will help policymakers and managers accelerate SME participation in global trade.

LITERATURE REVIEW

Research explaining the BG phenomenon is emerging, with the bulk of it focused on BG definition, theoretical work and identifying the entrepreneurial factors driving BGs (Weerawardena, 2007). Knight & Cavusgil (1996) define a BG as a firm that generates at least 25% of sales from international trade within three years of inception; Loustarinen & Gabrielsson (2006) increased the sales requirement to 50% of sales on multiple continents. Gabrielsson et al. (2008) subsequently found the simple sales ratio definitions flawed in worldwide application due to the complicating factors of industry type, country size/economy and neighbor country markets. They proposed an alternate BG definition with the following four criteria: 1) a global vision at inception; 2) unique products with global market potential; 3) organizational independence; 4) accelerated internationalization (precocity and speed), although the Knight and

Cavusgil definition is cited most frequently in the literature. This study uses the Gabrielsson definition and crosschecks results with Knight's sales ratio.

BG and SME researchers agree that the recent BG phenomenon is not well-explained by the long-standing Uppsala Model (e.g., Bell, 1995; Madsen & Servais, 1997; Rialp, Rialp, Urbano & Vaillant, 2005); the BGs accelerated path to internationalization is contrary to the Uppsala Model's gradual, methodical process (Bell, McNaughton, Young & Crick, 2003; Knight & Cavusgil, 1996; Moen & Servais, 2002).

More prominent work on SME/BD internalization barriers include the OECD's study in which 978 SMEs and policymakers in 45 member countries were surveyed to assess the importance of SME internationalization barriers (OECD-APEC, 2007). Subsequent studies by Lloyd-Reason and Mughan (2008) found 17 of 47 SME barriers influenced by the experience level of the firm in international trade. International experience was also found to be important in the BG behavior. Oviatt and McDougal (1997) found that most BG founders had prior international experience. This finding has not been related to SME internationalization barriers.

This study goes beyond the above studies by focusing on how BGs are able to enter foreign markets despite facing the same barriers as the traditional SMEs. The findings from this study suggest further research opportunities to better understand the factors that accelerate internationalization in BGs and SMEs.

METHOD

This study used a closed-ended survey to collect information from SMEs in the United States and the United Kingdom. The data was collected and tabulated by SurveyMonkey.com, an online survey service. The population from which the samples were taken was chosen for two reasons: the author is familiar with or has business contacts in these countries and language

translation is not an issue. The information about the companies to be surveyed was taken from public sources including business databases, government records, chambers of commerce and trade associations. Respondents were asked to rank the importance of the barriers, and results were compared to results in the OECD-APEC (2007) study to validate response data. The data analysis used the standard statistical analysis program SPSS 17 for Windows. Descriptive statistics were used to explore and validate the results. A correlation analysis was chosen to identify variable associations between barriers and the factors of international entrepreneurship orientation. A regression analysis was used to establish the predictive value of the independent variable on the dependent variable for variable pairs that met the criteria: 1) the correlation was significant, and 2) the independent variable could clearly be established from external business analysis.

RESEARCH DESIGN

This study's correlation design was selected to create empirical data to evaluate research outcomes and identify the factors associated with BG's accelerated internationalization. A regression analysis was also employed on variable pairs with strong associations where the independent variable could be identified. The web survey method is both economical and convenient, providing quantifiable responses usable in statistical analysis with minimal coding and preparation (Cooper & Schindler, 2008; Fowler, 2008).

Web-based surveys were found in the literature to have the advantage of low cost and quick distribution; they are also superior to email surveys. Additionally, survey responses are directly transferable into a database, eliminating transcription errors and survey alteration by the respondent (Andrews, D., Nonnecke, B., & Preece, J., 2007). These authors also recommended the use of email survey invitations, which were used in this survey. The web questionnaire was

constructed to require valid and complete responses to all questions, eliminating the invalid response and missing-data issues encountered frequently in the statistical analysis of survey data. Although standardization of scores to adjust for response bias in cross-cultural research has been growing in popularity, it was not employed in this study — Fischer (2004) found that "results based on standardization were ambiguous" (p. 263). Survey length, question complexity, screen layout and the use of survey progress indicators followed the best practices guideline for online surveys reported by Dillman (2008), Porter (2004), Tourangeau and Ye (2009) to improve survey response rates. The statistical best-practice guidelines of Rea (2005), Kline (2004, 2005, 2009), Henson and Roberts (2006) and Costello and Osborne (2005) were also followed.

INSTRUMENTATION

Survey questions for this study include questions from two widely cited studies plus additional questions. Barrier questions were used from the OECD-APEC (2007) Barrier Survey of SMEs to enable direct comparison of BG findings in this study with their SME results. Questions regarding international entrepreneurship orientation were used from a BG survey by Knight and Cavusgil (2005) because these questions were found to be effective in identifying important factors in BG behavior. Cultural bias was reported by Harzing (2006, 2009) to skew survey results, particularly in the multi-cultural and international settings conceived for this study; minimizing cultural bias was therefore an objective in the development of the questionnaire used in this international study. Wording of questions and responses were retained to improve comparability of this study's results with extant literature; however, Likert response scales were adapted from a 5-point to a 7-point rating scale to minimize response style bias, following Harzing's (2006, 2009) recommendations. Additional questions were added to identify

multiple responses from a single firm, verify that respondents met SME criteria, capture business demographic information and categorize early international sales volume.

Participants were asked general questions about the business, including: 1) company name, 2) home country, 3) years in business, 4) number of employees, 5) primary industry and 6) type of output (product/service/no international sales). Items 2-6 were identified as potentially confounding variables to BG studies (Knight and Cavusgil, 2005).

BGs were distinguished from other SMEs using a subset of questions from a BG survey by Knight and Cavusgil (2005) including:

1. International sales: Participants were asked to disclose the percentage of international sales in each of the first three years of operation by choosing one response from: “none”, “1-24%”, “25%-49%”, “50%-74%” or “75-100%”.
2. International entrepreneurship orientation: Participants were asked how well each of the following statements described their business using a 7-point Likert scale with end-point labels of “not at all” and “to an extreme extent” and a mid-point labeled “to a moderate extent”:
    a. Our top management had previous international business experience.
    b. Top management sees the world as our market, not just our home country.
    c. Top management believes it is best to explore international markets gradually via conservative, incremental steps. (an inverted scale question)
    d. Our primary export product caters to some specialized need that is difficult for our competitors to match.
3. Cost leadership: Participants were asked to rate the following statement on a 7-point Likert scale with endpoints of “no importance” and “very important”:

   a. Regarding your primary export product in its main export market, how important to your firm's strategy is pricing at or below competitive price levels.

4. Focus: Participants were asked to complete the following sentence using a 7-point Likert scale with endpoints "commodity" and "specialized good":
   a. As viewed by our customers, this product is essentially a …

Barrier importance questions came from the internationally tested OECD-APEC (2007) barrier survey. Of the 49 barriers investigated in the OECD-APEC (2007) study, the ten reported as the most sensitive to international experience were used (see Appendix A). Participants were asked to rate each barrier importance on a 7-point Likert scale with endpoints of "not significant" and "very significant". Participants were also asked to rank the top five barriers.

The collected data was used: 1) to compare and contrast BG and SME barrier perceptions, and 2) to explore the relationship between barriers and the factors that uniquely define BGs, while controlling for the confounding factors of country and industry sector.

The questionnaire was tested with experts and business owners. Based on direct feedback and a very low response rate to the email survey invitation, the questionnaire was abbreviated, reducing the estimated time-to-completion to four minutes to improve the survey response rate. Additionally, the survey was "branded" as the "Go Global" survey and the invitation email rewritten to appeal to busy entrepreneurs.

DATA COLLECTION

This study used a quantitative correlation design to examine relationships between BG characteristics and internationalization barrier perceptions. A single questionnaire was used consisting of general business questions, BG characteristics from Knight and Cavusgil (2005) and SME internationalization barriers from OECD-APEC (2007). Data was collected from SMEs

listed in the CorpTech business database, Chamber of Commerce members located in Colorado and business contacts. An email invitation with a link to the Web questionnaire was sent to: the CEO of CorpTech firms, the CEO of each Chamber of Commerce for distribution to members, and personal referral contacts. The researcher had sole access to survey response data on a closed website with a security login required for access to manage respondent's privacy of information concerns.

The survey prospect list was generated by combining data from three sources: The CorpTech database, business organization lists and the author's personal business contacts. The CorpTech database was searched to generate a list of businesses for the survey using the following selection criteria:

- The current number of employees was less than 250
- Sales were less than $70 million
- International sales were over 25%
- Company type was "private"
- Firm was not publicly traded
- Firm was founded after 1989
- No parent company was listed
- Website was listed

None of the business databases used contained sufficient information to distinguish BG firms from other SMEs. Furthermore, the data quality of privately held SMEs was questionable (see Appendix B). Firms without an operational website displaying a contact email address were eliminated for operational reasons. Eliminating firms without websites and email contact

information probably biased the responses against smaller domestic-only SMEs and is not expected to significantly affect this study's results.

Search results from combined sources were visually screened to eliminate non-qualifying, invalid or incomplete records resulting in a total of 514 firms. Most firms listed primary business addresses in the U.S. and dates for firm formation ranged from 1990 to 2004 with a mean of 1995. The absence of firms formed after 2004 in the CorpTech dataset biases the dataset to older firms and against BG firms as most BGs were formed within the past ten years. Visual inspection of the data quality in the SME records retrieved from the CorpTech database revealed a multitude of factual errors that included: outdated contact information, inflated income and inflated employee figures. Due to these data quality concerns, only company contact information from these databases was used in this study.

RESULTS

The results section is organized into the following sections: survey response, data analysis, validity and reliability, respondent business demographics, descriptive statistics of the international entrepreneurship responses, validation of international entrepreneurship responses, validation of barrier importance responses, and international entrepreneurship by barrier correlations.

SURVEY RESPONSE

The survey response rate (2.2%) was low with eleven valid responses of the 500 firms invited to participate. Follow up phone inquiries to 25 non-respondents found that most unsolicited email from unknown sources was routinely deleted as "spam" by the business owner or their executive assistant, including surveys from any source. A higher response rate was anticipated based on the success of email/web surveys with consumers and the higher response

rates reported by BG/SME researchers using higher-cost mail and phone survey techniques. All respondent firms met the SME and BG size criteria of having less than 250 employees. All survey responses were usable, and there was no missing data as anticipated from the design of the web survey instrument.

DATA ANALYSIS

The data was gathered using a Web survey and downloaded into SPSS for quantitative analysis. Descriptive statistics were used to describe the sample used in the analysis. The low number of responses did not meet the minimum criteria of 50 required for the multivariate data and factor analysis originally planned (Spicer, 2005), so a correlation and regression analysis was used to identify the factors associated with rapid internationalization.

VALIDITY AND RELIABILITY

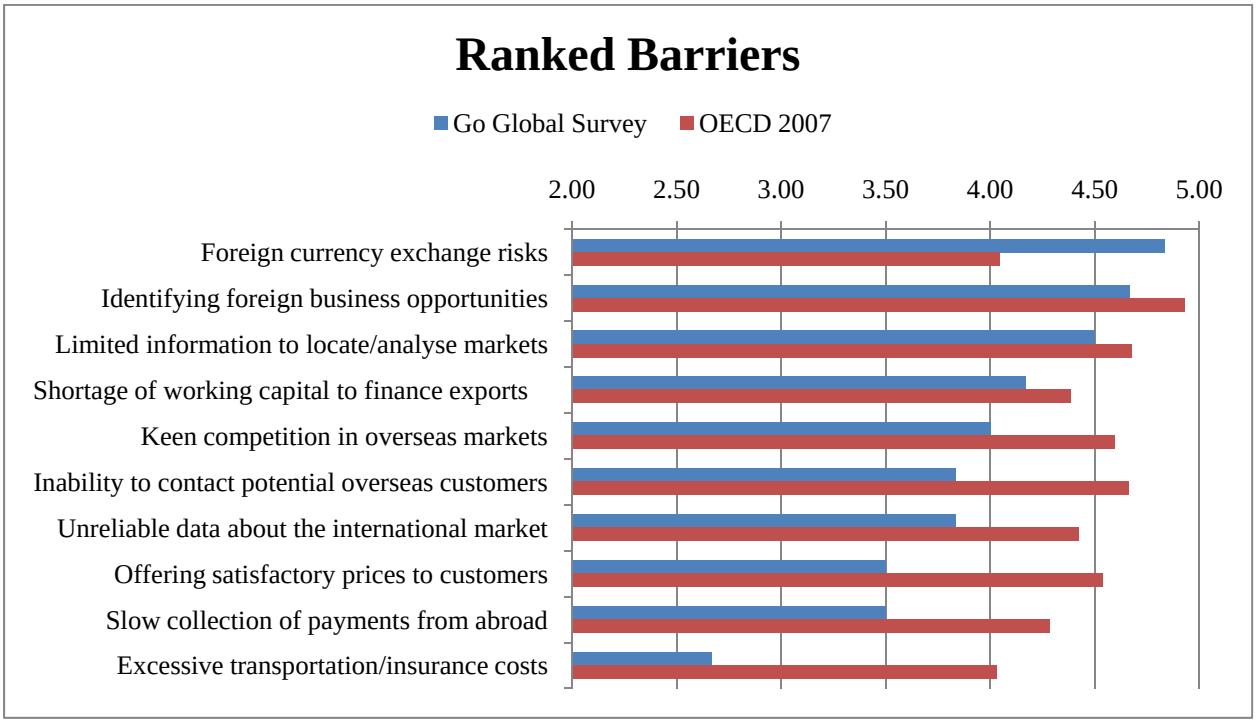
Internal validity is limited due to this study being non-experimental. Participants were volunteers responding to email invitations. The international nature of the survey was anticipated to attract more responses from firms involved in international trade (including BGs) than expected in random sample of SMEs, as was the case. One measure used to establish the reliability of the data was to compare respondent barrier rankings with those in the literature.

VALIDATION OF BARRIER IMPORTANCE RESPONSES

Barrier importance results were ranked and compared to the OECD-APEC (2007) results to establish data quality. Random data would be unlikely to show a significant correlation with OECD-APEC findings.

Survey respondents rated the importance of each barrier on a seven point Likert scale. The means were ranked and graphed in Figure 1 with the barrier rankings reported by the OECD-APEC (2007) for comparison.

Figure 1. Barriers as ranked by participants in the Go Global Survey compared to barriers as ranked in the OECD-APEC (2007) study.



* The OECD (2007) barrier scores were rescaled from the original five point Likert scale to the seven point scale used in this survey.

Table 1

Barrier Rank Comparison: Survey Results with OECD-APEC (2007) Results

Barrier	Go Global	OECD
B10. Foreign currency exchange risks	1	9
B2. Identifying foreign business opportunities	2	1
B3. Limited information to locate/analyze markets	3	2
B1. Shortage of working capital to finance exports	4	7
B9. Keen competition in overseas markets	5	4
B4. Inability to contact potential overseas customers	6	3
B6. Unreliable data about the international market	7	6
B7. Offering satisfactory prices to customers	8	5
B8. Slow collection of payments from abroad	9	8
B5. Excessive transportation/insurance costs	10	10

Note. OECD-APEC (2007) data is extracted from Annex 7 (p.85).

A parametric test between the means of the OECD-APEC barrier findings and this survey's results showed a moderate positive association (0.398); a non-parametric test showed a correlation of 0.384, confirming the results. A second parametric test between the OECD-APEC barrier rank and this survey's barrier rank showed a moderate positive association (0.418), a non-parametric test confirmed the results with a correlation of 0.418.

A second analysis was conducted after discarding one outlying data point. The barrier "Foreign currency exchange risks" (B10) jumped from ninth rank in the OECD study to first rank in the current study, logically attributable to the 2008 global economic crisis that occurred between the 2007 and 2009 studies. The second parametric test between the OECD-APEC barrier means and this survey's results showed a very strong positive association (0.853) (see Table 2); a non-parametric test showed a correlation of 0.756, confirming the results. A second parametric test between the OECD-APEC barrier rank and this survey's barrier rank showed a very strong positive association (0.809) (see Table 3); a non-parametric test showed a correlation of 0.800 confirming the results.

Table 2

Barrier Mean Correlations

		GoGlobal.Mean	OECD.Mean
GoGlobal.Mean	Pearson Correlation	1	.853**
	Sig. (2-tailed)		.003
	N	9	9
OECD.Mean	Pearson Correlation	.853**	1
	Sig. (2-tailed)	.003	
	N	9	9

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3

Barrier Rank Correlations

		GoGlobal.Rank	OECD.Rank
GoGlobal.Rank	Pearson Correlation	1	.809**
	Sig. (2-tailed)		.008
	N	9	9
OECD.Rank	Pearson Correlation	.809**	1
	Sig. (2-tailed)	.008	
	N	9	9

**. Correlation is significant at the 0.01 level (2-tailed).

Overall, tests of both barrier means and ranks between the two studies show a very strong positive correlation not expected of random data, suggesting the data quality of the barrier responses in this study is good. The tests of questions about international entrepreneurship orientation and barrier importance showed moderate to strong associations with extant research, supporting the validity of the data.

RESPONDENT BUSINESS DEMOGRAPHICS

Participant responses to questions about general business characteristics are described, including: country; years the firm was in business; the number of employees; industry sector and business type (product/service) as reported by the respondents.

The home countries of the respondent firms were reported 82% U.S. and 18% U.K., both developed countries with similar Anglo business cultures. The firms reported that the number of years in business ranged from one to 36. Thirty-six percent of firms reported being in business for only one year, the remaining 63% were in business for over nine years.

Table 4

Firm's Reported Number of Employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	1	9.1	9.1	9.1
	1-4	6	54.5	54.5	63.6
	10-19	2	18.2	18.2	81.8
	20-49	1	9.1	9.1	90.9
	100-249	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

The firm size, as determined by the number of employees, was skewed to micro-enterprises, with 64% reporting less than five employees and 82% reporting less than 20 employees. The median firm size was considerably smaller than the average of 210 employees reported in Knight and Cavusgil's (2005) survey of BGs. Smaller firms have access to fewer resources and perceive barriers differently than larger firms with access to more resources. A larger survey is required to control for the effects of firm size as measured by employee number.

The industry sectors of respondent firms were reported as 64% service sector, 27% manufacturing and 9% retail representing broader industry sector representation than the Knight and Cavusgil (2005) study of manufacturing firms. The type of international output of respondent firms was reported as 46% product, 27% service and 27% reported no international sales. The effect of industry sector and product vs. service output on accelerated internationalization is unknown. A larger sample is required to control for industry sector and output type in the analysis.

INTERNATIONAL SALES

"Early international sales" is the BG defining criterion throughout the literature, typically in the first three years of operation. International sales responses are shown in Table 5. In this

study, one firm (9%) met Knight's criteria, and four firms (50%) met Gabrielsson's more flexible criteria for "Early international sales". Respondents were well-balanced between international and domestic-only sales.

Table 5

International Sales in Year 1

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	7	63.6	63.6	63.6
	1-24%	3	27.3	27.3	90.9
	25-49%	1	9.1	9.1	100.0
	Total	11	100.0	100.0	

International Sales in Year 2

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	4	36.4	50.0	50.0
	1-24%	4	36.4	50.0	100.0
	Total	8	72.7	100.0	
Missing	System	3	27.3		
Total		11	100.0		

International Sales in Year 3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	None	4	36.4	50.0	50.0
	1-24%	4	36.4	50.0	100.0
	Total	8	72.7	100.0	
Missing	System	3	27.3		
Total		11	100.0		

DESCRIPTIVE STATISTICS OF THE INTERNATIONAL ENTREPRENEURSHIP RESPONSES

Five questions regarding internationalization were used in this study from the Knight and Cavusgil (2005) study using a 7-point Likert scale and are shown in Table 6:

Table 6

Internationalization Entrepreneurial Orientation: Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Top management sees the world as our market, not just our home country.	11	3	7	5.36	1.362
Specialized goods or services	11	3	7	5.27	1.348
Gradual path to internationalization	11	1	7	4.36	1.804
Previous international experience	11	1	7	4.09	2.256
Price leader	11	2	7	4.00	1.844
Valid N (listwise)	11				

The mean importance of "Price leadership" was reported at the mid-point (4.0) of the 7-point Likert rating scale and below the averages of all other questions about international entrepreneurship orientation. "Global vision" (5.36) followed by "Specialized goods/services" (5.27) averaged highest as described by these firms; "Previous international experience" averaged the lowest at 4.09 and had the highest standard deviation (2.256).

VALIDATION OF INTERNATIONAL ENTREPRENEURIAL ORIENTATION RESPONSES

Parametric and non-parametric tests were conducted on responses to the international entrepreneurship orientation questions used in the Knight and Cavusgil (2005) BG survey to ascertain data quality. Poor quality data would be expected to show no strong relationship with the findings in extant BG research.

A parametric test between "International sales in year three" (Q1c) and 1) "International sales in year two" (Q1b) showed a perfect positive association (1.0). The same test between Q1c and "International sales in year one" (Q1a) showed a very strong positive association (0.775). Also, a parametric test between "International sales in year two" (Q1b) and "international sales in year one" (Q1a) showed a very strong positive association (0.775) (see Table 7). A non-

parametric test (Spearman's rho) produced identical results confirming the very strong associations between these variables. This suggests that SMEs that enter international sales early (and survive) persist in international sales. Additional research is required validate this hypothesis.

Table 7

International Sales in Years One Through Three: Correlations

		International sales in year 1	International sales in year 2	International sales in year 3
International sales in year 1	Pearson Correlation	1	.775*	.775*
	Sig. (2-tailed)		.024	.024
	N	11	8	8
International sales in year 2	Pearson Correlation	.775*	1	1.000**
	Sig. (2-tailed)	.024		.000
	N	8	8	8
International sales in year 3	Pearson Correlation	.775*	1.000**	1
	Sig. (2-tailed)	.024	.000	
	N	8	8	8

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

A parametric test between the factors "previous international experience" (Q2) and "international sales in year two" (Q1b) showed a very strong positive association (.840), as did Q2 and Q1c (see Table 8). A non-parametric test of these two correlations again showed a very strong positive association (.844), confirming the correlation. Since previous international experience precedes business operation and subsequent international sales, it is reasonable to conclude that previous international experience is a causal factor for international sales.

Table 8

Previous International Experience by International Sales Correlations

		International sales in year 2	International sales in year 3	Previous international experience
International sales in year 2	Pearson Correlation	1	1.000**	.840**
	Sig. (2-tailed)		.000	.009
	N	8	8	8
International sales in year 3	Pearson Correlation	1.000**	1	.840**
	Sig. (2-tailed)	.000		.009
	N	8	8	8
Previous international experience	Pearson Correlation	.840**	.840**	1
	Sig. (2-tailed)	.009	.009	
	N	8	8	11

**. Correlation is significant at the 0.01 level (2-tailed).

A parametric test between “Top management sees the world as our market, not just our home country” (also referred to as “global vision”, Q3) and “International sales in years two” (Q1b) is shown to have a very strong positive association (0.77), identical to the test between Q3 and Q1c (see Table 9). A non-parametric test (Spearman’s rho) between Q3 and Q1b showed a very strong association (0.788), identical to a test between Q3 and Q1c, confirming the correlation.

Table 9

Global Vision by International Sales Correlations

		International sales in year 2	International sales in year 3	Top management sees the world as our market, not just our home country.
International sales in year 2	Pearson Correlation	1	1.000**	.770*
	Sig. (2-tailed)		.000	.025
	N	8	8	8
International sales in year 3	Pearson Correlation	1.000**	1	.770*
	Sig. (2-tailed)	.000		.025
	N	8	8	8
Top management sees the world as our market, not just our home country.	Pearson Correlation	.770*	.770*	1
	Sig. (2-tailed)	.025	.025	
	N	8	8	11

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

A parametric test between “Global vision” (Q3) and “Previous international experience” (Q2) showed a strong positive association (0.704) (see Table 10). A non-parametric test between Q3 and Q2 showed a strong positive association (0.712) confirming the correlation. A causal relationship of global vision with international sales and previous international experience cannot be established in this study; however, the possibility that global vision is a causal factor to international sales warrants further study.

Table 10

Global Vision by Previous International Experience Correlation

		Top management sees the world as our market, not just our home country.	Previous international experience
Top management sees the world as our market, not just our home country.	Pearson Correlation	1	.704*
	Sig. (2-tailed)		.016
	N	11	11
Previous international experience	Pearson Correlation	.704*	1
	Sig. (2-tailed)	.016	
	N	11	11

*. Correlation is significant at the 0.05 level (2-tailed).

A parametric test between the factors “Gradual path to internationalization” (Q4) and “International sales in year one” (Q1a) showed a strong inverse association (-0.630) (see Table 11). Q4 showed a moderate inverse association with international sales in years two (-0.333) and three (-0.333). A non-parametric test between Q4 and Q1a showed a strong inverse association (-0.600), confirming the correlation. A non-parametric test between Q4 and Q1b showed a low inverse association (-0.226), slightly weakening the association. These findings support the BG literature findings that the “gradual path” orientation indeed slows international sales.

Table 11

Gradual Path by International Sales Correlations

		Gradual path to internationalization	International sales in year 1	International sales in year 2	International sales in year 3
Gradual path to internationalization	Pearson Correlation	1	-.630*	-.333	-.333
	Sig. (2-tailed)		.038	.420	.420
	N	11	11	8	8
International sales in year 1	Pearson Correlation	-.630*	1	.775*	.775*
	Sig. (2-tailed)	.038		.024	.024
	N	11	11	8	8
International sales in year 2	Pearson Correlation	-.333	.775*	1	1.000**
	Sig. (2-tailed)	.420	.024		.000
	N	8	8	8	8
International sales in year 3	Pearson Correlation	-.333	.775*	1.000**	1
	Sig. (2-tailed)	.420	.024	.000	
	N	8	8	8	8

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Overall, the parametric test and confirmatory non-parametric test correlations of the factors of international entrepreneurship orientation showed strong associations with findings in the BG literature, disproving the null hypothesis that this study's results do not correlate with BG literature expectations. The responses to the international entrepreneurship orientation questions indicate the data quality is good despite the small number of survey responses.

INTERNATIONAL ENTREPRENEURSHIP FACTORS BY BARRIER CORRELATIONS

A parametric test between factor "Previous international experience" (Q2) and barrier "Identifying foreign business opportunities" (B2) showed a strong inverse association (-0.653), confirmed by a non-parametric test value of -0.605. A parametric test between Q2 and "Limited information to locate/analyze markets" (B3) showed a strong inverse association (-0.605), confirmed by a non-parametric test value of -0.621 (see Table 12). A parametric test between B2

and B3 showed a very strong positive association (0.955), confirmed by a non-parametric test value of 0.965.

Table 12

Previous International Experience by Information Barrier Correlations

		Previous international experience	Identifying foreign business opportunities	Limited information to locate/analyze markets
Previous international experience	Pearson Correlation	1	-.653*	-.669*
	Sig. (2-tailed)		.029	.024
	N	11	11	11
Identifying foreign business opportunities	Pearson Correlation	-.653*	1	.955**
	Sig. (2-tailed)	.029		.000
	N	11	11	11
Limited information to locate/analyze markets	Pearson Correlation	-.669*	.955**	1
	Sig. (2-tailed)	.024	.000	
	N	11	11	11

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

A parametric test between “Specialized goods and services” (Q5) and the barrier “Inability to contact potential overseas customers” (B4) showed a strong inverse association (-0.620) (see Table 13), confirmed by a non-parametric test value of -0.647. This association suggests specialized producers identify their international customers and their specialized needs better than non-specialized producers. An analysis of the business environment in which these variables operate found neither variable was truly independent, so a regression analysis was not performed on these variables.

Table 13

Specialized Goods by Inability to Contact Overseas Customers Correlations

		Specialized goods or services	Inability to contact potential overseas customers
Specialized goods or services	Pearson Correlation	1	-.620*
	Sig. (2-tailed)		.042
	N	11	11
Inability to contact potential overseas customers	Pearson Correlation	-.620*	1
	Sig. (2-tailed)	.042	
	N	11	11

*. Correlation is significant at the 0.05 level (2-tailed).

REGRESSION ANALYSIS OF SELECTED FACTORS/BARRIERS

A business analysis of the significant correlation results found two variable pairs where the independent and dependent variables could be identified. The factor “Previous international experience” (Q2) precedes the occurrence of both factors in time. A regression analysis was performed on these two variable pairs to determine the predictive capability of the independent variable “Previous international experience” (Q2).

Based on the association established between “Previous international experience” (Q2) and B2 a simple linear regression was performed (see Table 14). The value of R^2 is 0.426, indicating that about 42.6% of the variance in “Indicating foreign business opportunities” is attributable to “Previous international business experience” and the remaining 57.4% is attributable to other factors. The ANOVA analysis resulted in an F value of 6.689 at a significance of 0.029 indicating Q2 is a good predictor of B2. The coefficient analysis indicates that both B values are different from zero, both B values are larger than the standard error, and the significance of both is less than 0.05, indicating that Q2 is a significant contributor to predicting B2.

Table 14

Regression for "Previous International Experience" and "Identifying Foreign Business Opportunities"

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.653[a]	.426	.363	1.729

a. Predictors: (Constant), Previous international experience

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.000	1	20.000	6.689	.029[a]
	Residual	26.909	9	2.990		
	Total	46.909	10			

a. Predictors: (Constant), Previous international experience

b. Dependent Variable: Identifying foreign business opportunities

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.473	1.120		5.779	.000
	Previous international experience	-.627	.242	-.653	-2.586	.029

a. Dependent Variable: Identifying foreign business opportunities

Based on the association established between "Previous international experience" Q2 and B3 a simple linear regression was performed (see Table 15). The value of R^2 is 0.447, indicating that about 44.7% of the variance in "Identifying foreign business opportunities" is attributable to "Previous international business experience" and the remaining 55.3% is attributable to other factors. The ANOVA analysis resulted in an F value of 7.289 at a significance of 0.024 indicating Q2 is a good predictor of B3. The coefficient analysis shows both B values are different from zero, both B values are larger than the standard error and the significance of both is less than 0.05, indicating that Q2 is a significant contributor to predicting B3.

Table 15

Regression for "Previous International Experience" and "Limited Information to Locate/Analyze Foreign Markets"

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.669[a]	.447	.386	1.402

a. Predictors: (Constant), Previous international experience

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	14.320	1	14.320	7.289	.024[a]
	Residual	17.680	9	1.964		
	Total	32.000	10			

a. Predictors: (Constant), Previous international experience

b. Dependent Variable: Limited information to locate/analyze markets

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.170	.908		6.795	.000
	Previous international experience	-.530	.196	-.669	-2.700	.024

a. Dependent Variable: Limited information to locate/analyze markets

DISCUSSION

BGs are found to perceive barriers to international trade differently than other SMEs. The results are tantalizing, but a larger sample size is required to draw conclusions with confidence.

A single, universally accepted BG definition remains elusive. The definition found useful in the U.S. market was found less than ideal in smaller, less isolated countries. Multi-factor definitions such as Gabrielsson's (2008) and Knight's (2005) entrepreneurial orientation factors may prove more useful as researchers begin studying BGs on a more global basis. This study used the more flexible, multi-factor BG definition and found strong BG characteristics in early internationalizing firms below the threshold of 25% of international sales. The factor "Previous

international experience in the management team" is shown to correlate strongly to both early international sales and global vision, suggesting it may be a causal factor and potentially useful as a predictor of BG behavior.

BGs internationalize rapidly by overcoming barriers to internationalization that other SMEs do not. This study analyzes the relationships between 1) the factors of international entrepreneurship orientation, and 2) barriers to internationalization. The null hypothesis is that no relationship exists between BG factors and SME barriers. All eight BG factors were found to have a moderate to very strong association with one or more barriers, rejecting the null hypothesis. This finding also supports the Lloyd-Reason (2008) finding that SME barrier perceptions change in response to previous international experience.

INTERPRETATIONS OF FINDINGS

This study finds that "Previous international experience" is an important factor in BG's accelerated internationalization. "Previous international experience" is found to have a very strong association with international sales in years two and three (0.844 and 0.844 respectively) and a moderate negative association with the factor "Gradual path to internationalization". This finding clearly links "Previous international experience" with the accelerated internationalization that differentiates BGs from other SMEs. Furthermore, this study finds that the factor "Previous international experience" has both a strong inverse association with and strong predictive capability of the two information barriers "Identifying foreign business opportunities" and "Limited information to locate/analyze foreign markets". Taken together, this study finds that accelerated internationalization in BGs is in part predicted by "Previous international experience in the management team" by helping BGs overcome the information barriers that inhibit other

SMEs. How previous international experience overcomes information barriers to accelerate internationalization deserves further study.

This study also found the barrier “Slow collection of payments from abroad” had a moderate positive correlation with the BG factors “International sales in year 1” and “global vision”; it had a moderate negative correlation with the SME characteristics of “Gradual path to internationalization” and “Price leadership”. Stated simply, BGs report more payment collection challenges than do other SMEs that internationalized more slowly. BGs may enjoy accelerated international sales but report greater challenges managing their receivables. Based on this finding, BG researchers may wish to explore the effect of slow payment collections on BG performance.

While the conclusions of this study are more suggestive than definitive due to the small sample size, accelerated internationalization is found to have strong associations with barrier perceptions making it a fruitful area for future study of BG behavior. For example, the incorporation of internationally experienced managers early in the process may be an effective strategy to accelerate SME internationalization.

LIMITATIONS OF THE RESEARCH

The number of responses in this survey was too small to be truly representative of the SME and BG population. While the results of this study are intriguing, a larger sample is required to make definitive conclusions about the relationship between BG factors and SME barriers. A larger sample size will also allow controlling for country, firm size, industry sector and output type in the analysis. The respondents in this study were primarily micro-enterprises. A subsequent study should also strive for broader size representation of SME firms. Accelerated

internationalization is only partially predicted by “Previous international experience”, other predictive factors must exist.

CONCLUSION

Why do BGs internalize so rapidly while the majority of other SMEs do not? BGs are a subset of SMEs that are uniquely distinguished by accelerated international sales, in marked contrast to the “gradual path” to international sales followed by most SMEs (Weerawardena, J., Mort, G. S., Liesch, P. W., & Knight, G., 2007). Myriad barriers slow the process of SME internationalization (Lloyd-Reason, 2007). This study surveyed BGs/SMEs in the U.S. and U.K., and found that BGs and other SMEs perceive internationalization barriers differently. Accelerated internationalization is found to have a strong inverse correlation with information barriers — BGs overcome information barriers more effectively than do other SMEs. Further, previous international experience is found to predict nearly half of the accelerated internationalization behavior defining BGs. These two findings suggest that previous international experience is a major factor enabling BGs to overcome the information barriers that inhibit other SMEs. Policymakers desiring to accelerate international trade should encourage BGs and SMEs alike to incorporate senior managers with previous international experience.

The study did find one barrier that was more important for BGs than other SMEs. “Slow collection of payments from abroad” was more important for BGs than other SMEs. While BGs may enjoy accelerated sales, lagging foreign payments may inhibit subsequent performance. Causative factors were not identified in this study; however, the lack of financial and other resources associated with BGs (Weerawardena, 2007) may be a factor. Policymakers desiring to accelerate international trade should anticipate BG’s “Slow collection of payments” concern and develop initiatives to help them overcome this barrier.

OPPORTUNITIES FOR FUTURE RESEARCH

The factors accelerating BG internationalization require further research. Increasing the number of samples in the current survey will increase the reliability of the results and enable the use of multivariate/factor analysis to identify causal factors driving BG's accelerated internationalization. A larger sample will also enable controlling for the potentially confounding variables country and industry sector. Expanding the study to developing countries will determine if these findings in Anglo business cultures are applicable on a more global basis. Expanding the questionnaire used in this study to include additional BG factors and barriers already identified in the literature may identify additional BG acceleration factors. Moreover, identifying the factors that cause BGs to experience an increase in "Slow collection of payments from abroad" may provide additional insights about BG's accelerated internationalization.

APPENDIX A

KEY: BG FACTORS AND BARRIERS

BG Factors	
	Indicate the percentage of international sales in the first three years of operation.
Q1a	International sales in year 1
Q1b	International sales in year 2
Q1c	International sales in year 3
	International entrepreneurial orientation (not at all – to an extreme extent)
Q2	Our top management had previous international business experience.
Q3	Top management sees the world as our market, not just our home country.
Q4	Top management believes it is best to explore international markets gradually via conservative, incremental steps.
Q5	Our primary export product caters to some specialized need that is difficult for our competitors to match.
	Regarding your primary export product in its main export market, how important to your firm's strategy is … (No importance – very important)
Q6	Pricing at or below competitive price levels
Barrier **Thinking about your overall experience as an exporter or non-exporter, how significant a barrier to internationalizing your product or service are the following: (not significant – very significant)**	
B1	Shortage of working capital to finance exports
B2	Identifying foreign business opportunities
B3	Limited information to locate/analyze markets
B4	Inability to contact potential overseas customers
B5	Excessive transportation/insurance costs
B6	Unreliable data about the international market
B7	Offering satisfactory prices to customers
B8	Slow collection of payments from abroad
B9	Keen competition in overseas markets
B10	Foreign currency exchange risks

* Excerpted from the questionnaire in Appendix C

APPENDIX B

QUALITY ISSUES REGARDING BG AND SME DATA

This study raises questions about the reliability of SME data available in commercial business databases commonly cited by BG researchers. Crosschecking commercial database information with questionnaire responses, informal phone interviews with select respondents and SME website information suggested the quality of information for privately held SMEs was frequently dated and inaccurate. The standard of information quality in commercial databases enjoyed for publicly traded firms is clearly much less for privately held SMEs, which can adversely impact the unwary researcher. Privately held SMEs are exempt from the high reporting standards required by the SEC and IRS of publicly traded firms, adversely affecting data quality. Additionally, SME data collection process typically relies on phone interviews with business owners, where responses are voluntary, unverified and often aspirational (these are sales oriented entrepreneurs after all, not researchers). This study detected a bias in SME data that inflated both sales figures and number of employees. In addition, this study identified instances of SMEs misidentifying their industry sector. Entrepreneurs may view themselves through a different lens than formally trained researchers. SME and BG researchers should use caution when relying on commercial databases for critical and timely SME information. Creation of a high quality, publicly available database of SMEs and BGs will significantly benefit SME/BG researchers.

APPENDIX C

SURVEY QUESTIONNAIRE

Go Gobal Survey

1. Welcome to Go Global survey of small businesses!

Welcome to the Go Global survey of small businesses from Regis University! Please take 5 minutes to answer a few important questions about your firm's international trade experience. Your answers will help policymakers increase small business participation in global trade.

2. General Business Information

*** 1. Indicate the name of your company.**

*** 2. Indicate in which country your company is located.**

*** 3. Indicate the number of years your firm has been in business.**

*** 4. Indicate the number of employees in your company.**

*** 5. Indicate the firm's primary industry.**

*** 6. Indicate the type of international business.**

	Product	Service	No international sales
International sales: Product / service	◯	◯	◯

*** 7. Indicate the percentage of international sales in the first three years of operation.**

	None	1-24%	25-49%	50-74%	75-100%
First year	◯	◯	◯	◯	◯
Second year	◯	◯	◯	◯	◯
Third year	◯	◯	◯	◯	◯

3. International Orientation

Indicate how well each statement describes your business.

Go Gobal Survey

*** 8. International entrepreneurial orientation**

	Not at all			To a moderate extent			To an extreme extent
Our top management had previous international business experience.	○	○	○	○	○	○	○
Top management sees the world as our market, not just our home country.	○	○	○	○	○	○	○
Top management believes it is best to explore international markets gradually via conservative, incremental steps.	○	○	○	○	○	○	○
Our primary export product caters to some specialized need that is difficult for our competitors to match.	○	○	○	○	○	○	○

*** 9. Cost leadership**

Regarding your primary export product in its main export market, how important to your firm's strategy is ...

	No importance						Very important
Pricing at or below competitive price levels	○	○	○	○	○	○	○

*** 10. Focus**

	Commodity						Specialized good
As viewed by our customers, this product is essentially a ...	○	○	○	○	○	○	○

1. Barriers to International Trade

What is a barrier? Trade barriers hinder a firm's ability to initiate, to develop, or to sustain business operations in overseas markets.

Go Gobal Survey

*** 11. Thinking about your overall experience as an exporter or non-exporter, how significant a barrier to internationalizing your product or service are the following:**

	Not significant						Very significant
Excessive transportation/insurance costs	○	○	○	○	○	○	○
Limited information to locate/analyse markets	○	○	○	○	○	○	○
Identifying foreign business opportunities	○	○	○	○	○	○	○
Inability to contact potential overseas customers	○	○	○	○	○	○	○
Shortage of working capital to finance exports	○	○	○	○	○	○	○
Offering satisfactory prices to customers	○	○	○	○	○	○	○
Unreliable data about the international market	○	○	○	○	○	○	○
Slow collection of payments from abroad	○	○	○	○	○	○	○
Foreign currency exchange risks	○	○	○	○	○	○	○
Keen competition in overseas markets	○	○	○	○	○	○	○

5. Top 5 Trade Barriers

Indicate the top 5 barriers to internationalizing.

Go Gobal Survey

*** 12. Top 5 barriers**

	Top 1	2	3	4	5
Unreliable data about the international market	◯	◯	◯	◯	◯
Shortage of working capital to finance exports	◯	◯	◯	◯	◯
Excessive transportation/insurance costs	◯	◯	◯	◯	◯
Slow collection of payments from abroad	◯	◯	◯	◯	◯
Foreign currency exchange risks	◯	◯	◯	◯	◯
Keen competition in overseas markets	◯	◯	◯	◯	◯
Inability to contact potential overseas customers	◯	◯	◯	◯	◯
Limited information to locate/analyse markets	◯	◯	◯	◯	◯
Identifying foreign business opportunities	◯	◯	◯	◯	◯
Offering satisfactory prices to customers	◯	◯	◯	◯	◯

6. Thank You!

Thank you for your participation in the Go Global survey!Your responses will help policymakers and business managers remove the barriers inhibiting international trade for small businesses.

If you have questions regarding this survey, please contact:

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